Back at work this morning on black coffee and cold cereal after stuffing ourselves with stuffing, we are still thinking about pie—the American pie and how it’s sliced with regard to higher education. However imperfect the recipe, however uneven the slices distributed around the table, we still feel thankful for everything financial aid—federal, state, institutional, and private—does to promote equality of opportunity and upward mobility.

Today the holders of bachelor’s degrees have enormous advantages over those whose education stopped with a high school diploma. Median lifetime income? 84% higher. Unemployment rate? 4.5% vs. 8.3%, last year. More likely to have health and retirement benefits. More satisfied with their careers, healthier, and more involved as citizens and parents.

Getting those advantages, though, is a huge challenge for low- and middle-income people in an era of soaring college costs, declining state funding for public colleges and universities, and shrinking family incomes. Over the past 30 years, the sticker price for tuition and fees at private, nonprofit four-year institutions rose by an inflation-adjusted 153%. At public two-year colleges, the increase was 164%, and at public four-year colleges a whopping 231%. Including tuition, fees, room, and board, the average private, nonprofit four-year school is priced at almost $41,000 per year. Among public four-year institutions, the average is over $18,000.

The Institute for College Access and Success gives a vivid example of how things have changed: “In 1980, at the average public four-year school, a student who worked full time over the summer at a minimum wage job could cover tuition the next year and have the 2012 equivalent of $1,923 left over.” But in 2012, under exactly the same circumstances, the student could earn only 42% of tuition, coming up $4,764 short.

In these conditions, a robust system of financial aid is essential to enable millions of young people from low- and middle-income families to go to college. Although the system we have is flawed, and colleges and universities certainly need to contain our costs more effectively to help fix it, financial aid has had—and continues to have—a tremendously positive impact. Roughly two-thirds of full-time students in four-year colleges have financial need, and the current system is meeting 67% of their need in public institutions and 75% in private ones. Moreover, the research clearly shows that grants based on financial need (often as defined by the institution) increase enrollment and decrease dropping out.
Federal financial aid (both grants and loans, subsidized or not) has grown dramatically in the past decade. A particularly effective federal program is the Pell Grant, whose recipients are in the main from families with incomes under $40,000. But costs are so high that its purchasing power has declined, and the maximum Pell Grant now covers only 31% of costs at the average four-year public institution.

Grants are also offered by states, private foundations, and colleges and universities themselves. Their impact on equality of opportunity is blunted, however, because so many of them are not need-based. Almost a third of state grants and more than half of institutional grants are unrelated to student need.

Meanwhile, cash-strapped students borrow more and more, giving rise to alarming headlines about massive debt and high default rates. About 60% of the Class of 2012 took out loans, and their average debt at graduation was $26,500. We regard much of this debt as “good debt,” given the return on investment (lower unemployment and higher wages) for individuals with college degrees.

For some, however, especially those who do not complete degrees, the debt burden is too high. This fall the two-year default rate on student loans grew for the sixth year in a row, reaching 10%. Behind that abstraction are more than 600,000 people saddled with the painful long-term consequences of ruined credit.

If we were attempting a thorough analysis of problems with the financial aid system in this essay—which we are not—we would have to consider not only the debt burden and default rate but many other issues, including overly complex applications, inadequately informed students (especially student borrowers), tax breaks that only help higher-income families, too few grant dollars available, and, of course, ballooning college costs.

Even solving all these problems is unlikely to erase the persistent gap between the college access and success rates of low-income students and those of their better-off counterparts. Beyond affordability, many low-income and first-generation college students also need outreach, counseling, and academic support. And in all our efforts, we need to consider the changing population on our campuses. “Nontraditional” students (older, part-time, self-supporting, or lacking a high school diploma) today make up the majority of postsecondary students in the U.S. Their numbers, like the numbers of
minority and first-generation students, are growing, and we must shape our solutions to their needs.

We agree that there’s a lot to be done but want to emphasize that financial aid continues to be one of the most successful programs in the history of higher education. And so we’d like to end on a note of post-Thanksgiving gratitude to all those who support financial aid and make it work, whether by governmental authority, philanthropy, or the everyday work of administration, counseling, and service. Their efforts are essential to equality of educational opportunity, and that opportunity is essential to a just and prosperous society.

This article is available online at:
http://www.forbes.com/sites/collegeprose/2013/12/02/the-gift-that-keeps-on-giving/